

LAKE RESOURCES N.L.

ABN 49 079 471 980

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2013

LAKE RESOURCES N.L.

ABN 49 079 471 980

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LAKE RESOURCES NL
ABN 49 079 471 980

DIRECTORS' REPORT

Your Directors submit the financial report of the company for the half-year ended 31 December 2013.

DIRECTORS

The names of Directors who held office during or since the end of the half-year and to the date of this report are:

Peter J. Gilchrist
James G. Clavarino
Ross Johnston

OPERATING RESULT AND REVIEW OF OPERATIONS

The operating loss after applicable income tax for the half-year to 31 December 2013 was \$90,427 (2012: \$115,376 loss). During the half-year the company was advised by the Directorate General of Mines and Minerals, Government of Balochistan, that it had cancelled the Company's 3 exploration licenses in Balochistan due to a lack of exploration activity. The Company lodged appeals against the cancellations. Subsequent to 31 December 2013, the cancellation orders were set aside and the exploration licences were restored subject to certain conditions. The Company is reviewing the future of its operations in Pakistan. Refer also to the Quarterly Reports released by the Company for the periods July to September 2013 and October to December 2013.

The Company's financial position shows a deficiency of net assets at 31 December 2013 of \$12,731. Net cashflow in the 6 month period was \$38,316 negative and the company was funded in the period from its cash reserves and from a related entity. The financial statements have been prepared on a going concern basis. The review of the Company's operations in Pakistan also involves an assessment of its ability to raise further funds to finance any future activities. The Company has not yet confirmed the source of future funding, however directors are confident of such funding when it is required.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half year ended 31 December 2013 has been received and is located in this financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Director

Dated: 13 March 2014

LAKE RESOURCES NL

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DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including
 - (a) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



J G Clavarino
Director

Dated: 13 March 2014

LAKE RESOURCES NL

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	31 December 2013 \$	31 December 2012 \$
Revenue	2	-	8,597
Less Expenses:			
Write-off of deferred exploration costs		(51,840)	-
Administrative costs		(9,814)	(46,061)
Corporate costs		(24,773)	(71,912)
Occupancy costs		(4,000)	(6,000)
Loss before income tax	3	(90,427)	(115,376)
Income tax expense		-	-
Loss for the period, attributable to members of the company		(90,427)	(115,376)
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period attributable to members of the company		(90,427)	(115,376)
Earnings per share			
Basic earnings per share (cents per share)		(0.13)	(0.16)
Diluted earnings per share (cents per share)		(0.13)	(0.16)
Dividends		-	-

The accompanying notes form part of these financial statements.

LAKE RESOURCES NL
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	31 December 2013 \$	30 June 2013 \$
CURRENT ASSETS			
Cash and cash equivalents		1,454	39,770
Trade and other receivables		14,511	50,234
Other current assets		6,038	1,371
Total Current Assets		22,003	91,375
NON-CURRENT ASSETS			
Property, plant and equipment		-	368
Exploration and evaluation expenditure	6	-	-
Total Non-Current Assets		-	368
TOTAL ASSETS		22,003	91,743
CURRENT LIABILITIES			
Trade and other payables		8,734	14,047
Total Current Liabilities		8,734	14,047
NON-CURRENT LIABILITIES			
Trade and other payables		26,000	-
Total Non-Current Liabilities		26,000	-
TOTAL LIABILITIES		34,734	14,047
NET ASSETS		(12,731)	77,696
EQUITY			
Issued capital		8,690,935	8,690,935
Reserves		4,997	4,997
Accumulated losses		(8,708,663)	(8,618,236)
TOTAL EQUITY		(12,731)	77,696

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Note	Issued Capital \$	Capital Profits Reserve \$	Asset Revaluation Reserve \$	Retained Earnings/ (Accumulated Losses) \$	Total \$
Balance 1 July 2012		8,690,935	4,997	1,046,612	(3,139,281)	6,603,263
Total comprehensive income/(loss) for period		-	-	-	(88,425)	(88,425)
Subtotal		8,690,935	4,997	1,046,612	(3,227,706)	6,514,838
Dividends paid or provided for		-	-	-	-	-
Balance 31 December 2012		8,690,935	4,997	1,046,612	(3,227,706)	6,514,838
Balance 1 July 2013		8,690,935	4,997	-	(8,618,236)	77,696
Total comprehensive income/(loss) for period		-	-	-	(90,427)	(90,427)
Subtotal		8,690,935	4,997	-	(8,708,663)	(12,731)
Dividends paid or provided for		-	-	-	-	-
Balance 31 December 2013		8,690,935	4,997	-	(8,708,663)	(12,731)

The accompanying notes form part of these financial statements.

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**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	31 December 2013 \$	31 December 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(48,199)	(87,789)
Interest received	-	8,597
Net cash provided by (used in) operating activities	<u>(48,199)</u>	<u>(79,192)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration, evaluation and development expenditure	<u>(16,117)</u>	<u>(170,939)</u>
Net cash provided by (used in) investing activities	<u>(16,117)</u>	<u>(170,939)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Related entity advance	<u>26,000</u>	-
Net cash provided by (used in) financing activities	<u>26,000</u>	-
Net increase (decrease) in cash held	(38,316)	(250,131)
Cash at start of period	39,770	513,874
Cash at end of period	<u>1,454</u>	<u>263,743</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Lake Resources NL. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2013, together with any public announcements made during the following half-year.

b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The critical estimates and judgements in these financial statements are consistent with those applied in the June 2013 report. The most critical judgement made in the preparation of this financial report is the use of the going concern basis.

c) Continued Operations and Future Funding

The financial report has been prepared on a going concern basis that contemplates the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

As outlined in previous financial reports and disclosures by the Company, the ongoing planned business activities have been focussed on the exploration program in Pakistan. Historically the Company has financed these activities through equity. However, as set out in Note 6, the status of the exploration licenses is uncertain and the future of the Company's operations in Pakistan is being reviewed.

At 31 December 2013, the Company's balance sheet shows total assets of \$22,003, total liabilities of \$34,734, and a deficiency in net assets of \$12,731. Current assets total \$22,003 and include cash assets of \$1,454. Current liabilities total \$8,734. Net cashflow in the 6 month period was \$38,316 negative and the Company was funded in the period from its cash reserves and from a related entity. The review of the Company's operations in Pakistan also involves an assessment of its ability to raise further funds to finance any future activities. The Company has not yet confirmed the source of any long term future funding, however directors are confident of such funding when it is required. At present the Company relies on funding support from a related entity.

The Directors have formed the view that it is appropriate to prepare the financial report on a going concern basis.

d) New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

i) Fair value measurements and disclosures

The Company has adopted AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 from 1 July 2013 together with consequential amendments to other Standards. These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Company for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value.

The adoption of this standard has not impacted the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	31 December 2013	31 December 2012
	\$	\$
NOTE 2: REVENUE		
Interest received from other parties	-	8,597
Total revenue	-	8,597

NOTE 3: LOSS FOR THE HALF YEAR

The following expense items are included in the financial performance for the interim period:

Key management personnel remuneration	-	30,000
Depreciation	368	11,917
Rental expense on operating leases	4,000	6,000

NOTE 4: COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

Exploration Commitments

Under the terms of the Company's former exploration tenements it was to meet annual rent and undertake exploration for the 3 years from 10 September 2012. Note however that, as set out in Note 6, the licenses were cancelled by the Government in 2013. The commitments are as follows:

	Rent \$	Exploration \$	Total \$
31 December 2013			
Not later than 1 year	-	-	-
Later than 1 year but not later than 5 years	-	-	-
	-	-	-
30 June 2013			
Not later than 1 year	18,000	260,000	278,000
Later than 1 year but not later than 5 years	18,000	-	18,000
	36,000	260,000	296,000

Contingent liabilities

Under the terms of the former exploration tenements, the Company was to elect to grant the Balochistan Government a maximum 25% investment in the licences.

There were no other material contingent liabilities at the end of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 5: SEGMENT INFORMATION

The Company operates entirely in the mineral exploration industry with all tenements in Pakistan and corporate operations in Australia. Accordingly, the information provided to the Board of Directors is prepared using the same measures used in preparing the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position.

(a) Performance by geographical region

	Australia		Pakistan		Economic Entity	
	31 December		31 December		31 December	
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
Interest	-	8,597	-	-	-	8,597
Total segment revenue	-	8,597	-	-	-	8,597
Total Revenue	-	8,597	-	-	-	8,597
Segment Result	(38,587)	(115,376)	(51,840)	-	(90,427)	(115,376)
Income tax expense	-	-	-	-	-	-
Loss after income tax expense	(38,587)	(115,376)	(51,840)	-	(90,427)	(115,376)

(b) Assets by geographical region

	31 December 2013 \$	30 June 2013 \$
Australia	8,887	41,282
Pakistan	13,116	50,461
	22,003	91,743

NOTE 6: EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation costs carried forward in respect of areas of interest are:

- at cost - -

Movement during the year in exploration and evaluation expenditure:

At cost:

Carrying amount at beginning of period	-	6,042,045
Capitalised exploration and evaluation expenditure	-	338,263
Write down of discontinued exploration tenements	-	(2,248)
Impairment of exploration and evaluation expenditure	-	(6,378,060)
Carrying amount at the end of period	-	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 6: EXPLORATION AND EVALUATION EXPENDITURE continued

During the period, the Directorate General of Mines and Minerals, Government of Balochistan, advised that it had cancelled the Company's 3 exploration licences due to a lack of exploration activity. This was disclosed as a subsequent event in the 30 June 2013 financial statements. As a result of this decision, the directors took the view that it was prudent to write down the value of the Company's investment in Pakistan to zero. Subsequent to 31 December 2013 the cancellation orders were set aside and the exploration licenses were restored subject to certain conditions. The future of the Company's operations in Pakistan is being reviewed by the directors.

NOTE 7: ECONOMIC DEPENDENCY

The Company is dependent on the Government of Pakistan continuing to allow exploration on tenements which have been granted to the Company - see Notes 4 and 6.

NOTE 8: RELATED PARTY TRANSACTIONS

The Company undertakes transactions with related parties in the normal course of business. In the current period arrangements with related parties continue to be in place, consistent with those reported in the 30 June 2013 annual financial report. Note however that in the period the Company received an advance of \$26,000 from a director related entity, 202 Limited, on an unsecured and interest free basis.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

As set out in Note 6 the Company is reviewing the future of its operations in Pakistan, and therefore its future capital needs.



Hayes Knight
Accountants, Advisors & Auditors

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Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001

To the Directors of Lake Resources NL

As lead auditor for the review of Lake Resources NL for the half-year ended 31 December 2013 I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions to the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

Nigel Bamford

N D Bamford
Director

Date: 13 March 2014



Hayes Knight
Accountants, Advisors & Auditors

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INDEPENDENT AUDITOR'S REVIEW REPORT **To the members of Lake Resources NL**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lake Resources NL (the company), which comprises the statement of financial position as at 31 December 2013 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year-ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Lake Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Lake Resources NL as attached to the directors' report, would be in the same terms if given to the directors as at the time of this auditor's review report.

Independent auditor's review report to the members of Lake Resources NL (continued)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lake Resources NL is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis Of Matter - Continued Operations and Future Funding

Without qualifying our conclusion, we draw attention to Note 1 in the financial statements which indicates that the company is reviewing the future of its operations in Pakistan, and that the company's ability to continue with any planned activities is dependent on having finance available.

As indicated in the note, the company had a deficiency in net assets of \$12,731 at balance date. The review of the company's operations in Pakistan also involves an assessment of its ability to raise further funds to finance any future activities. The company has not yet confirmed the source of any long term future funding however directors are confident of such funding when it is required. At present the company relies on the funding support from a related entity. The Directors have formed the view that it is appropriate to prepare the financial report on a going concern basis.

The outcome of further financing initiatives taken by Directors cannot be presently determined with any certainty. The company's ability to continue as a going concern will be dependent on obtaining future finance.

The financial statements do not include any adjustments to the amount and classification of assets and liabilities that would be necessary if the company could not continue as a going concern.

Hayes Knight Audit (Qld) Pty Ltd

Hayes Knight Audit (Qld) Pty Ltd

Nigel Bamford

N D Bamford
Director

Level 19, 127 Creek Street,
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Date: 13 March 2014